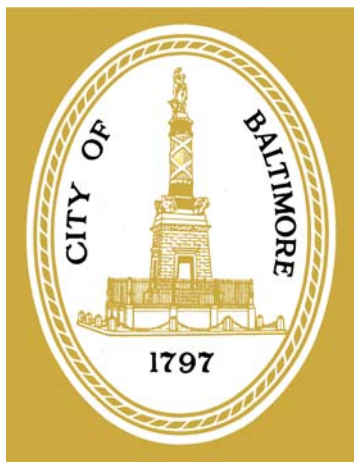


# **AUDIT REPORT**

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**CITY OF BALTIMORE**  
**DEPARTMENT OF RECREATION AND PARKS**  
**TRACK AND FIELD PROGRAM**  
**FOR THE PERIOD**  
**JULY 1, 2002 THROUGH DECEMBER 31, 2003**  
**SEPTEMBER 2004**

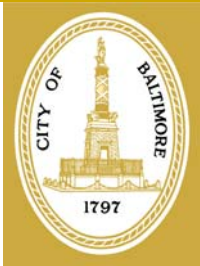
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**City of Baltimore**  
**Department of Audits**

## CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



## DEPARTMENT OF AUDITS

YOVONDA D. BROOKS, CPA  
City Auditor

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September 22, 2004

Honorable Joan M. Pratt, Comptroller  
And Other Members of the Board Of Estimates  
City of Baltimore

We have audited the cash receipts and expenditures recorded in the City of Baltimore, Department of Recreation and Parks' accessory accounts related to the Track and Field Program for the 18 month period from July 1, 2002 through December 31, 2003. The purpose of our audit was to determine whether the transactions recorded in the accessory accounts were properly supported and related to the Department's Track and Field Program.

### **BACKGROUND:**

The Department of Recreation and Parks (Department) has offered track and field activities for the benefit of City residents for over 100 years. Currently, these programs are open to participants between the ages of 7 and 18 years of age. During the period under review, participants competed in a number of local, regional and national meets and relays. Funding for the program is provided for by a number of sources including local track clubs, parent organizations, a private corporation and the participants. In order to account for monies received for this program, the Department established two recreational accessory accounts in the City's general ledger. The Department uses these two accounts to deposit cash receipts and to pay expenses related to the Track and Field Program (Program). Other expenses paid directly by the Program's sponsors and the Department's general funds are not recorded in the two accessory accounts. For the period reviewed, cash receipts totaling \$58,330, and expenditures totaling \$113,201 were recorded in the two accessory accounts.

### **AUDIT SCOPE, OBJECTIVES AND METHODOLOGY:**

We conducted an audit of the cash receipts and expenditures recorded by the Department of Recreation and Parks in its accessory accounts related to the Track and Field Program for the 18 month period from July 1, 2002 through December 31, 2003. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and such other auditing procedures we considered necessary in the circumstances.

The objectives of our audit were to determine whether the transactions recorded in the two accessory accounts were related to the Department's Track and Field Program and

were supported by the underlying documents. We also verified that goods and services purchased under the Program were made in accordance with City policies.

In order to accomplish our objectives, we interviewed the staff responsible for the Program to gain an understanding of the Program operations and the types of activities and events sponsored. We also tested the underlying documentation for selected transactions recorded in the two accessory accounts to ascertain its relevance to the Program.

## **AUDIT RESULTS**

The Schedule of Cash Receipts and Expenditures in Appendix 1 summarizes the transactions related to the Department's Track and Field Program for the period July 1, 2002 through December 31, 2003. As noted in the **Background Section**, this schedule includes only those cash receipts and disbursements recorded in the Department's two accessory accounts. Other receipts and expenditures benefiting the Program may have been collected and expended for the Programs by other sponsors and would not be reflected in Appendix 1. In performing our tests, we noted certain areas where the Department procedures and practices could be improved. Our recommendations for improvement follow:

The Department did not clearly document the purpose for which monies were collected and deposited in the accessory accounts.

The Department did not clearly document the purpose for which monies were collected and deposited in the accessory accounts. Our analysis of the \$58,330 deposited cash receipts disclosed that \$7,855 in deposits did not have sufficient documentation to identify the purpose for which the monies were collected. Additionally, we noted that the Department did not match monies collected with the underlying expenditures. For example, a refund in the amount of \$3,968 for airport lodging was deposited into the accessory accounts despite the fact that no lodging expenses were ever paid by the accounts. We were unable to determine the source of the original payments to the hotel. Without a clear trail documenting the source, purpose, and ultimate use of monies collected by the program, questions could arise as to whether the Department properly executed its fiduciary responsibilities relating to the monies held in trust for the Program.

### **Recommendation**

**We recommend that the Department instruct its staff to clearly identify the purpose for which the monies are collected, the date of the event and any other information necessary to assure the proper use of monies. This documentation could be included on either the miscellaneous cash receipt form or on the financial report that is completed by the staff when the monies are deposited with the Department's cashier. We also recommend that documentation authorizing expenditures from the accessory accounts indicate the event for which the expenditure has been incurred. Finally, we recommend that the Department establish policies and procedures that require periodic supervisory review of the activity in these accounts.**

Payroll charges of \$53,655 were transferred from the Department's general fund appropriation account into the two track and field accessory accounts without an apparent source of funding.

During the period under review, payroll charges in the amount of \$53,655 were transferred from the Department's general fund account to the two accessory accounts without an apparent source of funding. These expenditures have been reflected in Appendix 1 and are largely responsible for the \$54,871 excess of expenditures over receipts. It was the Department's original plan to fund these expenditures through a grant from the Abell Foundation. However, the grant was never received creating a cash deficit of approximately \$44,000 in the two accounts on December 31, 2003.

**Recommendation:**

**We recommend that the Department develop a plan to address the cash deficit in the two accessory accounts.**

The Department of Recreation and Parks' response to our findings and recommendations are contained in Appendix 2 to this report.

We appreciate the cooperation and assistance provided by the staff members of the Department of Recreation and Parks.

Respectfully submitted,

Yovonda D. Brooks, CPA  
City Auditor

**City of Baltimore**  
**Department of Recreation and Parks**  
**Track and Field Program**  
**Schedule of Cash Receipts and Expenditures**  
**For the Period July 1, 2002 through December 31, 2003**

**Receipts**

Fees	\$ 45,807
Undocumented collections	7,855
Refunds	<u>4,668</u>

<b>Total receipts</b>	<b><u>58,330</u></b>
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**Expenditures**

Payroll	69,645
T-shirts	10,164
Food and supplies	8,189
Equipment rentals	7,713
Transportation	7,591
Trophies and awards	6,323
Security	3,024
Miscellaneous	<u>552</u>

<b>Total expenditures</b>	<b><u>113,201</u></b>
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<b>Excess of expenditures over receipts</b>	<b><u><u>\$ (54,871)</u></u></b>
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CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



DEPARTMENT OF RECREATION AND PARK

KIMBERLEY AMPREY FLOWERS, Director  
Dr. RALPH W. E. JONES, JR. BUILDING  
3001 East Drive - Druid Hill Park  
Baltimore, Maryland 21217  
410-396-6132

TO: Yovonda D. Brooks, CPA  
City Auditor

FROM: Kimberley A. Flowers, Director  
Department of Recreation and Parks

DATE: August 16, 2004

The Department of Recreation and Parks is in receipt of your "Discussion Draft – Track and Field Program" dated July 12, 2004. As requested in that report, the Department submits the following responses:

1. ***The Department did not clearly document the purpose for which monies were collected and deposited in the Accessory Accounts.***

**Response #1:** Immediately, Department staff will be instructed to clearly identify the following information before expenditures are charged to or reimbursed from Accessory Accounts:

- The name of the event for which monies are collected
- The date of the event
- The purpose of the expenditure, and
- Any other information necessary to assure proper use of monies.

This information will be clearly identifiable on the miscellaneous cash receipt form or the deposit slip given to the Cashier.

**Response #2:** Immediately, Department staff will begin quarterly supervisory reviews of the activity in these accounts.

2. ***Transactions in the amount of \$53,360 have been improperly charged to the Track and Field accessory accounts.***

**Response #1:** To give context to this statement, it should be known that grant funds for the Department's Track and Field program historically had always been requested from the Abell Foundation by a private foundation - and not by this Department. Grant fund award monies were always awarded directly to the private foundation and not to this Department. This is because the Abell Foundation prefers to fund private nonprofit organizations rather than public agencies for anything other than educational purposes. This partnership arrangement with the private foundation worked very well for a number of years, since their chance of getting the grant funds was much greater than ours.



In 2002-2003, however, for some reason unknown to us (we believe they may simply have lost track of the deadline date), the private foundation did not submit their usual annual grant application to the Abell Foundation for the Track and Field program. The Department was not made aware of this until the Track and Field program was actually slated to begin.

With youth already signed up for the program, Booster Clubs in place, and parents being involved in the program, the Department had no alternative other than to try and find other program funds that were not being used in order to fund the Track and Field program. At that time, the Boxing program did not show the high level of participant involvement that we had anticipated. Therefore, funds in the Boxing account were used to alleviate the critical problem in Track and Field.

The status of the Abell Foundation grant is non-existent. It was never applied for nor received by the private foundation or by this Department.

**Response #2:** Regarding the transfer of \$53,360 of expenses to the proper account, all of the above facts should be noted and are offered in explanation of this one-time occurrence. There were essentially no funds in that account from which to draw or journal entry.

I trust that these explanations and responses are acceptable to your Department. If there is some other way that the above audit issues should be handled, we will be happy to do all we can to see that things are done in the proper manner. Field and Track budgets will be monitored as stated herein and we will continue to follow Audit suggestions and recommendations.

Sincerely,

Kimberley A. Flowers  
Director  
Department of Recreation and Parks

Cc: Kevin Seawright, Fiscal Services, BCRP  
Clement H. Ruley, Jr., Audit Manager